

Message Text

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15

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /160 W

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R 241813Z MAY 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0687

UNCLAS LONDON 06560

E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: PRICE RISES CROSS THRESHOLD AND TRIGGER INCREASES
FOR SEVEN MILLION WORKERS

REF: LONDON 6199

1. THE DEPARTMENT OF EMPLOYMENT'S RETAIL PRICE INDEX,
PUBLISHED TODAY, INDICATES THAT PRICES HAVE INCREASED
SINCE OCTOBER BY A WHOPPING 9.8 PERCENT, OR 2.8 PERCENT
ABOVE THE THRESHOLD LEVEL IN STAGE THREE (WHICH IS 7
PERCENT) AND THUS TRIGGERING INCREASES FOR SEVEN MILLION
WORKERS.

2. THE INCREASES WILL AMOUNT TO ONE POUND TWENTY PENCE
A WEEK. UNDER STAGE THREE REGULATIONS WORKERS ARE ABLE
TO NEGOTIATE A 40 PENCE AUTOMATIC PAY RISE IF THE RETAIL
PRICE INDEX RISES 7 PERCENT ABOVE THE LEVEL OF OCTOBER
1973, AND AN ADDITIONAL 40 PENCE FOR EACH 1 PERCENT
THE INDEX RISES ABOVE THE THRESHOLD LEVEL.

3. THE RISE OF 3.4 PERCENT IN THE RETAIL PRICE INDEX
FOR APRIL, THE HIGHEST SINCE 1947 IN MONTHLY INCREASE,
HAS BROUGHT THE ANNUAL RATE OF INFLATION TO 15.2 PERCENT.

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IT IS ESTIMATED THAT AT THE CURRENT RATE OF INFLATION

AUTOMATIC RISES COULD OCCUR ONCE OR EVEN TWICE A MONTH.
IT IS ALSO ESTIMATED THAT THE ONE POUND TWENTY PENCE A
WEEK PAY INCREASE WILL ADD ABOUT 400 MILLION POUNDS TO
THE NATIONAL WAGE BILL OVER A FULL YEAR.

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